

Estimate change



TP change



Rating change



**CMP: INR1,146**

**TP: INR1,180 (+3%)**

**Neutral**

## Encouraging outlook driven by differentiated products

### Current valuation provides limited upside

- CIPLA delivered a beat on 2QFY23 earnings, led by better traction in the US portfolio and in the Domestic Formulation (DF) vertical (Prescription category and Trade Generics), driving superior profitability. The company remains on track to further extend its launch pipeline of niche products in the US market and maintain its steady outperformance in the DF segment.
- We raise our FY23/FY24 EPS estimate by 7%/4.5% to factor in: a) enhanced prospects of limited competition products, b) outperformance in Branded Generics in the DF market, and c) increased operating leverage. We continue to value CIPLA at 23x 12M forward earnings and add NPV of INR40 related to g-Revlimid to arrive at our TP of INR1,180.
- While the outlook remains promising on the back of: a) complex products in the Respiratory/Peptide category of US Generics, b) an enriching brand franchise in the DF market through its One India strategy, and c) cost minimization activities, we maintain our Neutral stance on the stock given the limited upside from current valuations.

### Quarterly revenue/EBITDA at a record high with a scope to grow further

- Revenue grew by 6% YoY to INR58b (est. INR57b) in 2QFY23.
- Sales in North America grew 38% YoY and 26% in CC terms to INR14b (USD179m; 25% of overall sales) due to launches and market share expansion in existing products. DF sales rose 6% YoY to INR25.6b (or 15% YoY excluding sales of COVID-related drugs; 44% of overall sales). SAGA sales fell 12% YoY to INR8.6b (15% of overall sales). EM sales declined by 8% YoY to INR7.6b (13% of overall sales).
- In 2QFY23, there was a one-time COVID-related write-off of INR874m. Adjusting for the same, gross margin expanded by 320bp YoY to 64.4%.
- However, EBITDA margin expanded by ~160bp to 23.8% (est. 22.4%) on higher OPEX (staff/R&D cost up 60bp/80bp YoY as a percentage of sales).
- EBITDA grew 13% YoY to INR14b (est. INR12.8b).
- There was a one-time gain (of USD3m) due to a share repurchase agreement with Avenue Therapeutics. Adjusting for the same, adjusted PAT grew 20% to INR8.5b (est. INR7.8b).
- Sales/PAT grew 2%/2.6% YoY to INR112b/15.4b in 1HFY23, while EBITDA was stable at INR25b.

### Highlights from the management commentary

- The management guided at an EBITDA margin of 22% in 2HFY23. It has delivered an EBITDA margin of 22.6%/24% in 1H/2QFY23.
- It indicated that USD175-180m will be the new quarterly base business sales run-rate in the US from USD150-155m earlier.
- The management is confident of launching g-Advair in 2HFY23. The opportunity remains attractive as it feels it has a superior cost position.
- It expects the 505b2 approval for g-leuprolide acetate soon. The addressable market is USD200m, with gradual gains in market share after approval.

Bloomberg	CIPLA IN
Equity Shares (m)	805
M.Cap.(INRb)/(USDb)	925.2 / 11.2
52-Week Range (INR)	1185 / 850
1, 6, 12 Rel. Per (%)	-5/10/24
12M Avg Val (INR M)	2233

### Financials & Valuations (INR b)

Y/E MARCH	FY22	FY23E	FY24E
Sales	217.1	239.2	263.2
EBITDA	47.0	56.2	63.4
Adj. PAT	28.4	34.3	39.6
EBIT Margin (%)	16.8	19.0	19.9
Cons. Adj. EPS (INR)	35.3	42.7	49.3
EPS Gr. (%)	18.0	20.7	15.7
BV/Sh. (INR)	258.1	290.6	335.0

### Ratios

Net D:E	0.0	-0.1	-0.2
RoE (%)	14.5	14.7	14.7
RoCE (%)	13.7	15.4	15.7
Payout (%)	11.5	8.6	9.8

### Valuations

P/E (x)	32.4	26.9	23.2
EV/EBITDA (x)	19.4	16.0	13.8
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	2.4	2.3	3.5
EV/Sales (x)	4.2	3.8	3.3

### Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	33.4	33.4	35.9
DII	21.6	21.2	20.9
FII	28.1	28.1	25.2
Others	16.9	17.3	18.0

FII Includes depository receipts

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilalosal.com/Institutional-Equities](http://www.motilalosal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

## Quarterly snapshot (Consolidated)

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E	Est. 2QE	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Revenues</b>	<b>54.5</b>	<b>55.2</b>	<b>54.8</b>	<b>52.6</b>	<b>53.8</b>	<b>58.3</b>	<b>63.9</b>	<b>63.3</b>	<b>217.1</b>	<b>239.2</b>	<b>57.0</b>	<b>2.3</b>
YoY Change (%)	25.5	9.6	6.0	14.2	-1.4	5.6	16.6	20.3	13.3	10.2	3.2	
Total Expenditure	41.6	42.9	42.5	43.1	42.3	44.4	47.8	48.5	170.1	183.0	44.2	
<b>EBITDA</b>	<b>12.9</b>	<b>12.3</b>	<b>12.3</b>	<b>9.5</b>	<b>11.4</b>	<b>13.9</b>	<b>16.0</b>	<b>14.9</b>	<b>47.0</b>	<b>56.2</b>	<b>12.8</b>	<b>8.9</b>
YoY Change (%)	23.4	4.2	0.0	19.3	-11.7	13.3	30.2	56.4	10.6	19.6	4.1	
Margins (%)	23.7	22.2	22.5	18.1	21.3	23.8	25.1	23.5	21.7	23.5	22.4	
Depreciation	2.6	2.5	2.5	2.9	2.5	3.0	2.6	2.7	10.5	10.9	2.6	
<b>EBIT</b>	<b>10.3</b>	<b>9.7</b>	<b>9.8</b>	<b>6.6</b>	<b>8.9</b>	<b>10.9</b>	<b>13.4</b>	<b>12.1</b>	<b>36.5</b>	<b>45.4</b>	<b>10.2</b>	
YoY Change (%)	32.5	6.8	0.1	29.0	-14.0	12.0	36.6	84.1	14.6	24.3	4.4	
Margins (%)	19.0	17.6	18.0	12.5	16.5	18.7	21.0	19.2	16.8	19.0	17.8	
Interest	0.3	0.4	0.2	0.2	0.2	0.3	0.2	0.2	1.1	0.8	0.2	
Other Income	0.6	0.6	0.9	0.6	1.0	1.0	0.6	0.6	2.8	3.2	0.6	
<b>Profit before Tax</b>	<b>10.7</b>	<b>10.0</b>	<b>10.5</b>	<b>7.1</b>	<b>9.7</b>	<b>11.6</b>	<b>13.8</b>	<b>12.5</b>	<b>38.2</b>	<b>47.7</b>	<b>10.5</b>	
One-time (expense)/income	-0.7	0.0	0.0	-2.6	0.0	-0.6	0.0	0.0	-3.3	-0.6	0.0	
<b>PBT after EO expense</b>	<b>10.0</b>	<b>10.0</b>	<b>10.5</b>	<b>4.5</b>	<b>9.7</b>	<b>11.0</b>	<b>13.8</b>	<b>12.5</b>	<b>34.9</b>	<b>47.1</b>	<b>10.5</b>	<b>4.6</b>
Tax	2.8	2.8	3.0	0.7	2.7	3.0	3.7	3.5	9.3	12.9	2.8	
Rate (%)	26.5	28.5	28.0	10.1	27.5	26.0	27.0	27.5	24.4	27.0	26.5	
Minority Interest	0.0	0.0	0.3	0.1	0.2	0.1	0.1	0.1	0.4	0.5	-0.1	
<b>Reported PAT</b>	<b>7.1</b>	<b>7.1</b>	<b>7.3</b>	<b>3.6</b>	<b>6.9</b>	<b>7.9</b>	<b>10.0</b>	<b>9.0</b>	<b>25.2</b>	<b>33.7</b>	<b>7.8</b>	<b>1.0</b>
<b>Adj PAT</b>	<b>7.9</b>	<b>7.1</b>	<b>7.3</b>	<b>6.1</b>	<b>6.9</b>	<b>8.5</b>	<b>10.0</b>	<b>9.0</b>	<b>28.4</b>	<b>34.3</b>	<b>7.8</b>	<b>9.2</b>
YoY Change (%)	36.4	6.9	-2.6	47.6	-12.9	19.8	36.9	47.1	18.0	21.0	9.7	

## Key performance indicators

Y/E March	FY22				FY23E				FY22	FY23E	Est. 2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
<b>INRb</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3QE</b>	<b>4QE</b>			
Domestic formulation	27.1	24.2	25.2	21.8	24.7	25.6	27.4	23.9	98.3	101.7	25.4
YoY Change (%)	68.5	15.6	12.9	20.8	-8.8	6.2	9.0	9.5	27.0	3.5	5.0
North America	10.5	10.6	11.5	12.1	11.8	14.6	16.2	18.2	44.3	60.8	13.3
YoY Change (%)	2.4	1.9	11.0	20.7	13.1	38.1	40.8	50.8	8.3	37.3	16.0
South Africa	8.3	9.9	8.8	9.5	8.1	8.7	9.6	10.3	36.8	36.8	8.4
YoY Change (%)	8.2	7.7	9.0	12.4	-2.3	-12.0	10.0	8.3	6.6	0.0	-15.0
Emerging market	6.1	8.2	7.1	7.3	7.0	7.6	7.8	7.9	28.7	30.3	7.3
YoY Change (%)	-13.1	13.7	-3.7	7.6	15.4	-7.7	10.0	7.5	1.2	5.3	-10.6
API	2.2	1.7	1.6	1.4	1.6	1.7	1.9	2.0	7.6	7.2	1.7
YoY Change (%)	21.7	-9.0	0.0	-38.8	-28.0	1.7	15.0	43.7	-4.8	-5.0	0.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	37.9	38.7	39.1	37.8	37.7	35.6	35.0	34.9	38.6	38.6	37.4
Staff Cost (% of Sales)	16.3	15.9	15.9	17.0	17.8	16.5	16.5	16.2	16.3	16.3	17.2
R&D Expenses(% of Sales)	4.8	5.0	5.6	6.1	5.1	5.7	6.4	6.6	4.5	4.3	5.5
Other Cost (% of Sales)	17.2	18.2	17.8	21.1	18.2	18.4	17.0	18.9	17.2	17.0	17.5
Gross Margins(%)	62.1	61.3	60.9	62.2	62.3	64.4	65.0	65.1	61.4	61.4	62.6
EBITDA Margins(%)	23.7	22.2	22.5	18.1	21.3	23.8	25.1	23.5	21.7	23.5	22.4
EBIT Margins(%)	19.0	17.6	18.0	12.5	16.5	18.7	21.0	19.2	16.8	19.0	17.8



## Highlights from management commentary

- Current g-Abraxane filing is from Goa site. While Cipla is in process to address the issues highlighted by USFDA in the 483 for Goa site, it is also in process to de-risk g-Abraxane opportunity by filing from alternate site.
- The R&D spend per asset for US generics market is expected to be higher, given the complex nature of the product and thus filing pace could be slower.
- Cipla launched 8 products in DF segment (Rx) and 15 products in Trade generics (Gx) in 2QFY23.
- Cipla is on track to gain 15% market share by the end of FY23 vs 9.6% in 2QFY23 for g-Lanreotide.
- Cipla expects to maintain R&D spent at 7% of sales for FY23.

## New US launches to speed up growth from 2HFY23

### Complex molecules/Respiratory assets key drivers for US market

- In 1HFY23, US sales grew 26% YoY (USD334m; up 18% in CC terms) to INR26b led by niche launches and better traction in launched products (g-Revlimid/g-Lanreotide).
- As of Sep-22, Cipla has 72 ANDAs pending for approval.
- Cipla is on track to increase the share of differentiated respiratory/peptide products in the US generics portfolio. It has not only launched few, it also has pipeline of products for near term launches (g-Leuprolide acetate/ g-Advair) as well as medium-to-long term launches (peptide/inhalation assets).
- This would not only offset the price erosion in the base business, but also enable Cipla to deliver growth in US generics segment.
- Basis this, we expect Cipla to garner 22% US sales CAGR to USD890m over FY22–24.

### DF: Healthy growth on Ex-COVID basis

- In 1HFY23, CIPLA domestic sales declined by 2% YoY to INR50b, driven by a normalization of COVID-19 business. However, core portfolio (Ex-COVID) continued momentum driven by new launches.
- Interestingly, the growth has been broad based across prescription (Rx), trade generics (Gx) and consumer healthcare (CH) segment.
- Particularly, Rx/Gx/CH grew 15%/15%/22% YoY in 2QFY23, and outperforming industry by healthy margin.
- Cipla is enhancing the overall ecosystem with focus on New Science, gaining reach as well as using digital tools.
- We expect the CIPLA to deliver 5% sales CAGR in DF to INR109b over FY22–24.

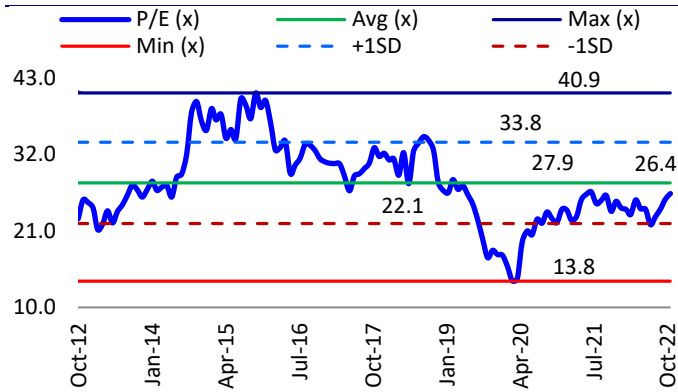
### SAGA: SA private market driving SAGA business

- In 1HFY23, CIPLA's SAGA business declined by 8% to INR17b, largely due to reduced tender business.
- Having said this, Cipla delivered YoY growth of 7.6% YoY vs industry growth of 4.2% YoY for 2QFY23. The tender business performance was in-line with order book delivery.
- Considering private market as well as tender business, we expect CIPLA to deliver 2.5% sales CAGR in SAGA to INR39b over FY22–24.

**Valuation adequately factors the earnings upside**

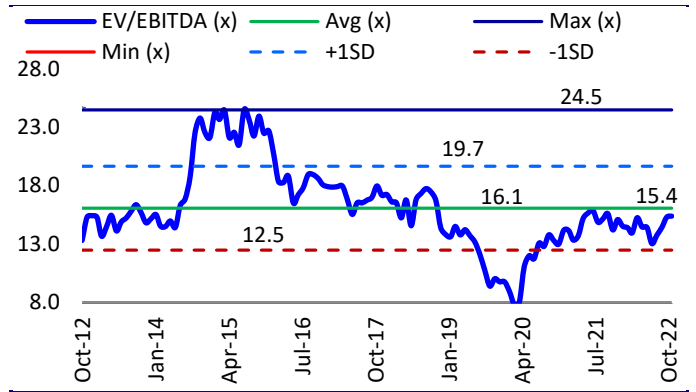
- We raise our EPS estimate by 7%/4.5% for FY23/FY24 factoring a) enhanced prospects of limited competition products, b) outperformance in branded generics DF market, increased operating leverage. We continue to value Cipla at 23x 12M forward earnings and add NPV of INR40 related to g-Revlimid to arrive at price target of INR1,180.
- We expect a 15% earnings CAGR, led by a 19%/6%/5% sales CAGR in US Generics / DF / SAGA over FY22–24.
- While the outlook remains promising on the back of a) complex products in the respiratory/peptide category for US generics, b) enriching brand franchise in DF market through India One strategy and c) cost minimization activities, we maintain Neutral stance on the stock due to limited upside from the current valuation.

**Exhibit 1: P/E chart**



Source: MOFSL, Company, Bloomberg

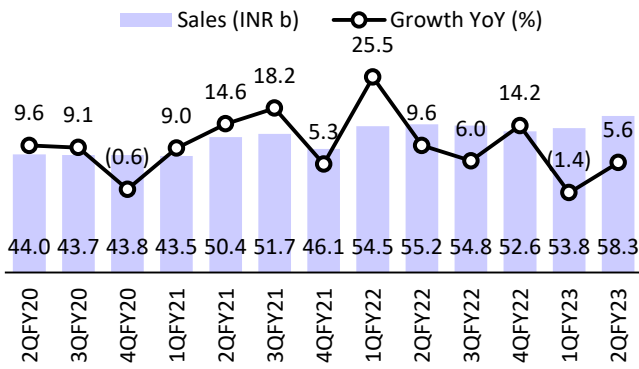
**Exhibit 2: EV/EBITDA chart**



Source: MOFSL, Company, Bloomberg

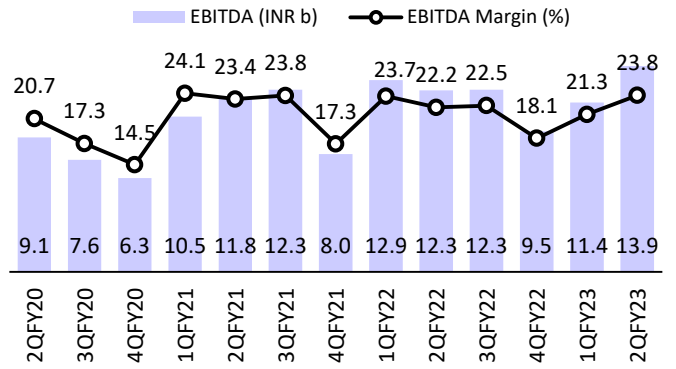
## Story in charts

**Exhibit 3: Revenue up ~5.6% YoY in 2QFY23**



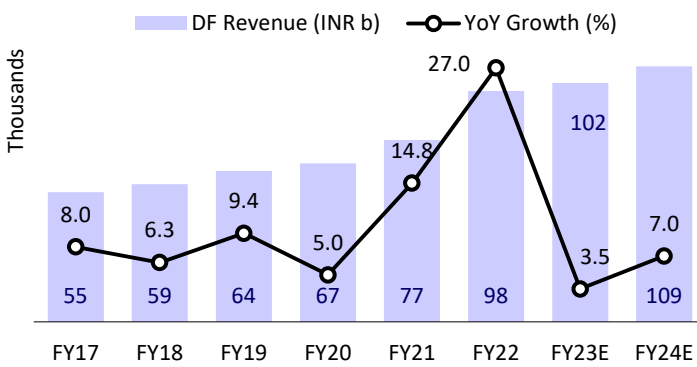
Source: MOFSL, Company

**Exhibit 4: EBITDA margin expands ~160bp YoY in 2QFY23**



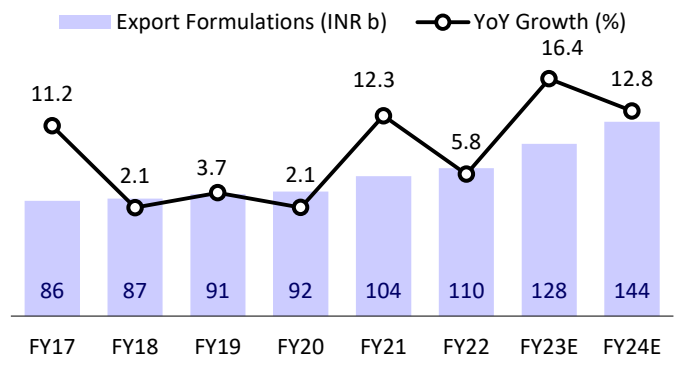
Source: MOFSL, Company

**Exhibit 5: Expect 5% DF sales CAGR over FY22–24...**



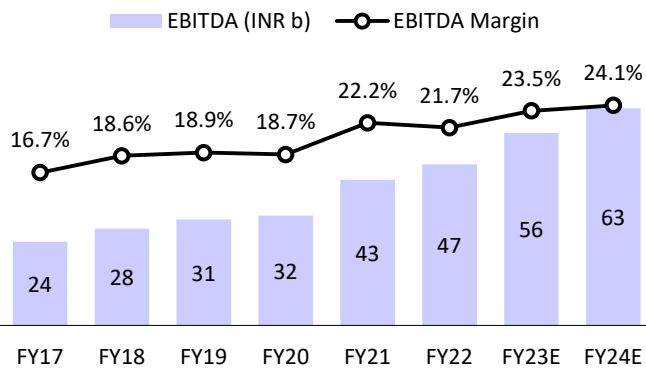
Source: MOFSL, Company

**Exhibit 6: ...and 15% export sales CAGR over FY22–24**



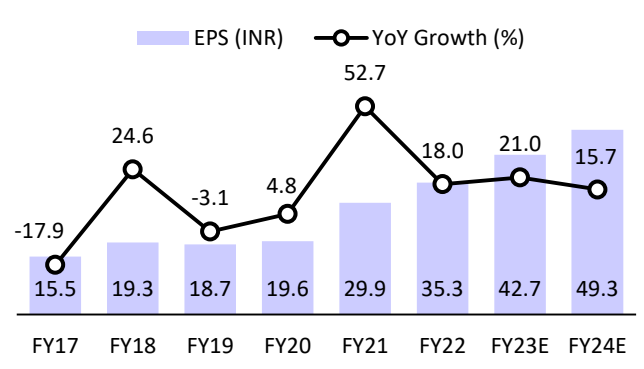
Source: MOFSL, Company

**Exhibit 7: Expect EBITDA margin to grow to 24.1% by FY24**



Source: MOFSL, Company

**Exhibit 8: Expect 18% earnings CAGR over FY22–24**



Source: MOFSL, Company

## Financials and valuations

Income Statement								(INRb)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Net Income</b>	<b>146.0</b>	<b>152.2</b>	<b>163.6</b>	<b>171.3</b>	<b>191.6</b>	<b>217.1</b>	<b>239.2</b>	<b>263.2</b>
Change (%)	6.7	4.3	7.5	4.7	11.8	13.3	10.2	10.0
<b>EBITDA</b>	<b>24.4</b>	<b>28.3</b>	<b>31.0</b>	<b>32.1</b>	<b>42.5</b>	<b>47.0</b>	<b>56.2</b>	<b>63.4</b>
Change (%)	-2.3	15.7	9.6	3.5	32.6	10.6	19.6	12.8
Margin (%)	16.7	18.6	18.9	18.7	22.2	21.7	23.5	24.1
Depreciation	9.2	11.5	11.2	11.4	10.7	10.5	10.9	11.1
<b>EBIT</b>	<b>15.2</b>	<b>16.8</b>	<b>19.8</b>	<b>20.6</b>	<b>31.8</b>	<b>36.5</b>	<b>45.4</b>	<b>52.3</b>
Int. and Finance Charges	1.6	1.1	1.7	2.0	1.6	1.1	0.8	0.8
Other Income - Rec.	2.3	3.6	2.8	3.4	2.7	2.8	3.2	3.3
<b>PBT before EO Items</b>	<b>15.9</b>	<b>19.2</b>	<b>20.9</b>	<b>22.1</b>	<b>32.9</b>	<b>38.2</b>	<b>47.7</b>	<b>54.9</b>
One-time (Expense)/Income	0.0	-2.5	-0.1	0.3	0.0	3.3	0.6	0.0
<b>PBT but after EO Exp.</b>	<b>15.9</b>	<b>16.7</b>	<b>20.8</b>	<b>21.8</b>	<b>32.9</b>	<b>34.9</b>	<b>47.1</b>	<b>54.9</b>
Tax	3.1	2.5	5.7	6.3	8.9	9.3	12.9	14.8
Tax Rate (%)	19.5	15.0	27.4	29.0	27.0	26.7	27.4	27.0
Minority Interest	0.3	0.1	-0.4	-0.5	-0.2	0.3	0.5	0.4
Income from associates	-0.1	0.0	-0.2	-0.5	-0.1	-0.1	-0.1	-0.1
<b>Reported PAT</b>	<b>12.4</b>	<b>14.1</b>	<b>15.3</b>	<b>15.5</b>	<b>24.1</b>	<b>25.2</b>	<b>33.7</b>	<b>39.6</b>
<b>Adj PAT</b>	<b>12.4</b>	<b>15.5</b>	<b>15.0</b>	<b>15.8</b>	<b>24.1</b>	<b>28.4</b>	<b>34.3</b>	<b>39.6</b>
Change (%)	-17.7	24.6	-3.1	4.8	52.7	18.0	21.0	15.3
Margin (%)	8.5	10.2	9.2	9.2	12.6	13.1	14.4	15.0

Balance Sheet								(INRb)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Reserves	123.6	140.7	152.3	157.6	179.3	201.5	232.3	268.1
<b>Net Worth</b>	<b>125.3</b>	<b>142.3</b>	<b>150.1</b>	<b>157.6</b>	<b>183.3</b>	<b>208.4</b>	<b>233.9</b>	<b>269.7</b>
Loans	41.1	41.0	43.2	28.2	15.4	9.0	6.0	6.0
Deferred Liabilities	5.9	3.2	2.2	1.3	-0.2	-2.0	-2.0	-2.0
Minority Interest	4.4	3.5	3.3	2.9	2.6	2.8	2.8	2.8
<b>Capital Employed</b>	<b>176.7</b>	<b>190.0</b>	<b>198.8</b>	<b>190.0</b>	<b>201.0</b>	<b>218.1</b>	<b>240.6</b>	<b>276.4</b>
Gross Block	114.6	120.5	126.4	138.5	147.5	160.1	166.0	172.0
Less: Accum. Deprn.	10.2	16.3	27.4	38.9	49.5	60.1	70.9	82.0
<b>Net Fixed Assets</b>	<b>104.4</b>	<b>104.2</b>	<b>98.9</b>	<b>99.6</b>	<b>97.9</b>	<b>100.1</b>	<b>95.1</b>	<b>90.0</b>
Capital WIP	7.2	5.1	3.3	4.2	5.7	3.8	5.1	5.1
Investments	0.1	0.1	3.0	3.6	3.5	4.2	4.2	4.2
<b>Curr. Assets</b>	<b>96.2</b>	<b>117.3</b>	<b>132.4</b>	<b>126.8</b>	<b>141.2</b>	<b>158.3</b>	<b>181.1</b>	<b>224.0</b>
Inventory	34.9	40.4	39.6	43.8	46.7	53.5	56.4	64.8
Account Receivables	25.0	31.0	41.5	38.9	34.5	34.2	41.6	44.5
Cash and Bank Balance	6.2	9.7	6.2	10.0	14.0	19.3	27.8	54.6
Others	30.1	36.2	45.1	34.1	46.1	51.3	55.3	60.1
<b>Curr. Liability &amp; Prov.</b>	<b>31.2</b>	<b>36.8</b>	<b>38.8</b>	<b>44.2</b>	<b>47.3</b>	<b>48.4</b>	<b>44.9</b>	<b>47.0</b>
Account Payables	28.0	30.5	31.4	34.8	36.5	36.2	32.7	34.8
Provisions	3.2	6.3	7.4	9.5	10.8	12.2	12.2	12.2
<b>Net Current Assets</b>	<b>65.0</b>	<b>80.5</b>	<b>93.7</b>	<b>82.6</b>	<b>93.9</b>	<b>109.9</b>	<b>136.2</b>	<b>177.0</b>
<b>Appl. of Funds</b>	<b>176.6</b>	<b>190.0</b>	<b>198.8</b>	<b>190.0</b>	<b>201.0</b>	<b>218.1</b>	<b>240.6</b>	<b>276.4</b>

E: MOSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>15.5</b>	<b>19.3</b>	<b>18.7</b>	<b>19.6</b>	<b>30.0</b>	<b>35.3</b>	<b>42.7</b>	<b>49.3</b>
Cash EPS	26.9	33.5	32.5	33.7	43.1	48.2	56.1	63.0
BV/Share	155.7	176.7	186.3	195.5	227.2	258.1	290.6	335.0
DPS	2.0	2.0	3.0	2.5	2.5	3.0	3.0	4.0
Payout (%)	15.6	13.4	18.6	15.6	10.0	11.5	8.6	9.8
<b>Valuation (x)</b>								
P/E	73.9	59.3	61.2	58.4	38.3	32.4	26.9	23.2
Cash P/E	42.5	34.2	35.2	34.0	26.6	23.8	20.4	18.2
P/BV	7.4	6.5	6.2	5.9	5.0	4.4	3.9	3.4
EV/Sales	6.6	6.3	5.9	5.5	4.8	4.2	3.8	3.3
EV/EBITDA	39.2	33.7	31.0	29.3	21.7	19.4	16.0	13.8
Dividend Yield (%)	0.2	0.2	0.3	0.2	0.2	0.3	0.3	0.3
FCF per Share	21.5	6.7	15.9	24.0	33.7	27.9	25.9	39.6
<b>Return Ratios (%)</b>								
RoE	10.4	11.6	10.3	10.2	14.1	14.5	14.7	14.7
RoCE	7.9	9.4	8.4	8.8	12.9	13.7	15.4	15.7
RoIC	7.5	8.4	8.0	8.2	13.3	14.5	16.7	18.4
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	1.3	1.3	1.3	1.3	1.3	1.4	1.5	1.6
Debtor (Days)	62	74	93	83	66	58	64	62
Inventory (Days)	87	97	88	93	89	90	86	90
Working Capital (Days)	162	193	209	176	179	183	206	242
<b>Leverage Ratio (x)</b>								
Current Ratio	3.1	3.2	3.4	2.9	3.0	3.3	4.0	4.8
Debt/Equity	0.3	0.2	0.2	0.1	0.0	0.0	-0.1	-0.2

### Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>(INRb)</b>								
<b>EBITDA</b>	<b>24.4</b>	<b>28.3</b>	<b>31.0</b>	<b>32.1</b>	<b>42.5</b>	<b>47.0</b>	<b>56.2</b>	<b>63.4</b>
Interest/Dividends Recd.	2.3	3.6	2.8	3.4	2.7	2.8	3.2	3.3
Direct Taxes Paid	-6.2	-5.2	-6.6	-7.3	-10.3	-11.2	-12.9	-14.8
(Inc)/Dec in WC	-3.9	-12.2	-16.6	14.9	-7.4	-10.7	-17.8	-14.1
<b>CF from Operations</b>	<b>16.6</b>	<b>14.4</b>	<b>10.6</b>	<b>43.1</b>	<b>27.5</b>	<b>27.9</b>	<b>28.7</b>	<b>37.9</b>
others	7.2	-2.3	6.2	-10.5	10.1	8.6	0.0	0.0
<b>CF from Oper. incl EO Expense</b>	<b>23.8</b>	<b>14.6</b>	<b>16.9</b>	<b>32.3</b>	<b>37.6</b>	<b>33.3</b>	<b>28.1</b>	<b>37.9</b>
(inc)/dec in FA	-6.5	-9.2	-4.1	-13.0	-10.5	-10.8	-7.2	-6.0
<b>Free Cash Flow</b>	<b>17.3</b>	<b>5.4</b>	<b>12.8</b>	<b>19.3</b>	<b>27.1</b>	<b>22.5</b>	<b>20.9</b>	<b>31.9</b>
(Pur)/Sale of Investments	1.6	0.0	-2.9	-0.6	0.1	-0.7	0.0	0.0
<b>others</b>	<b>-8.2</b>	<b>0.7</b>	<b>-9.7</b>	<b>14.7</b>	<b>-13.5</b>	<b>-7.3</b>	<b>0.0</b>	<b>0.0</b>
<b>CF from Investments</b>	<b>-13.1</b>	<b>-8.5</b>	<b>-16.7</b>	<b>1.0</b>	<b>-23.9</b>	<b>-18.7</b>	<b>-7.2</b>	<b>-6.0</b>
Inc/(Dec) in Debt	-10.8	-0.1	2.2	-15.0	-12.8	-6.4	-3.0	0.0
Interest Paid	-1.6	-1.1	-1.7	-2.0	-1.6	-1.1	-0.8	-0.8
Dividend Paid	-1.9	-1.9	-2.8	-2.4	-2.4	-2.9	-2.9	-3.9
Others	1.1	-0.7	-1.1	-11.7	3.5	-0.4	-7.1	-1.9
<b>CF from Fin. Activity</b>	<b>-13.3</b>	<b>-3.9</b>	<b>-3.5</b>	<b>-31.1</b>	<b>-13.3</b>	<b>-10.7</b>	<b>-13.8</b>	<b>-6.5</b>
<b>Inc/Dec of Cash</b>	<b>-2.5</b>	<b>2.2</b>	<b>-3.3</b>	<b>2.2</b>	<b>0.4</b>	<b>3.8</b>	<b>7.1</b>	<b>25.3</b>
Add: Beginning Balance	8.7	6.2	9.7	6.2	10.0	14.0	19.3	27.8
Bank balances	0.0	1.0	0.0	-1.1	3.6	1.5	1.5	1.5
Bank balances and FX impact	0.1	1.2	-0.2	1.6	3.6	1.5	1.5	1.5
<b>Closing balance</b>	<b>6.2</b>	<b>9.7</b>	<b>6.2</b>	<b>10.0</b>	<b>14.0</b>	<b>19.3</b>	<b>27.8</b>	<b>54.6</b>

NOTES



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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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